

1 BEFORE THE STATE OF WASHINGTON
2 ENERGY FACILITY SITE EVALUATION COUNCIL
3

4 In the Matter of Application No. 2003-01:

EXHIBIT 36 SUP REB(PBD-T SUP REB)

5 SAGEBRUSH POWER PARTNERS, LLC;

6 KITTITAS VALLEY WIND POWER PROJECT
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8
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10 **APPLICANT'S PREFILED SUPPLEMENTAL REBUTTAL DIRECT**
11 **TESTIMONY**
12 **WITNESS # 36: P. BARTON DE LACY**
13

14 Q Please state your name and business address.

15
16 A P. Barton DeLacy; 110 SW Yamhill St., Suite 200, Portland, OR 97204
17

18 Q Have you previously filed prepared testimony in this matter?
19

20 A Yes
21

22 Q Is this testimony given to supplement your prior testimony?
23

24 A Yes
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EXHIBIT 36 SUP REB(PBD-T SUP REB) - 1
P. BARTON DE LACY
PREFILED SUPPLEMENTAL REBUTTAL
TESTIMONY

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1 Q. What is the specific purpose of this supplement to your prior testimony?

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3 A This testimony is to respond to the Supplemental testimony of Garrett, Weaver, and
4 Lathrop. I have prepared a technical memorandum in response to supplemental
5 testimony of Garrett, Weaver and Lathrop. The documents I reviewed for this purpose
6 include supplemental testimony for Garrett, Hardy, Priestly, Grover and Lathrop and a
7 recently published study by Ben Hoen addressing the impacts of windmill visibility on
8 property values in Madison County, New York.
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10 Q Would you please identify what has been marked for identification as Exhibit 36-4 (PBD-4)

11
12 A Exhibit 36-4 (PBD-4) is the technical memorandum entitled "Response to "Supplemental
13 Testimony" referenced above, that I authored.
14

15 Q Did you prepare these exhibits and is the information and content contained therein within
16 your area of authority and /or expertise?
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18 A Yes
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20 Q Do you incorporate the facts and content of these exhibits as part of your testimony?
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22 A Yes.
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24 Q Please summarize the conclusions of your analysis.
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2 A There continues to be no documented evidence of declines in value. The studies cited by
3 Mr. Lathrop are more or less surveys that are descriptive and not quantitative and while
4 they confirm that there are adverse expectations in many cases (such as Cape Cod), they
5 do not contain the documented transactional evidence necessary to show diminution in
6 value. There is no support for Lathrop's purely speculative contention that his expensive
7 home (7 miles from the KV Project and 20 miles from the Wild Horse Project) is
8 somehow uniquely susceptible to property value impacts associated with these distant
9 wind energy facilities. The Hoen study however, in an area not unlike Kittitas Valley,
10 gathered the necessary data to measure diminution if it existed and found none. In fact,
11 my own inspection of Madison County indicated it was not unlike Kittitas Valley and that
12 there were a number of custom homes on small 5 to 10 acre tracks very similar in context
13 to the development around the outskirts of Ellensburg, Washington.
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Technical Memorandum

Response to Adverse Testimony Related to KV Wind Power Project

Prepared for: Sagebrush Power Partners, LLC
Prepared by: P. Barton DeLacy, MURP, MAI, CRE, FRICS
Cushman & Wakefield of Oregon, Inc.
Date: August 30, 2006
File No.: 06-34001-9144

On behalf of the Applicants, I have reviewed pre-filed testimony to be presented at the upcoming EFSEC Hearing beginning September 18, 2006.

The documents I have reviewed include supplemental testimony for Garrett, Weaver, Hardy, Priestly, Grover and Lathrop and a recently published study by Ben Hoen addressing the impacts of windmill visibility on property values in Madison County, New York.

The most significant new information since the testimony that I filed earlier this year before Kittitas County is the publication of Mr. Hoen's study of the impacts of wind turbines on property values in Madison County, New York. Earlier this year I had the opportunity to also inspect the Fenner Wind Power sites in Madison County, doing work for another wind farm project in Wyoming County, New York. Mr. Hoen was able to conduct an hedonic regression analysis on 280 home sales that had occurred within view of this project over a five year period commencing in 2001, when the project first began operations.

Mr. Hoen concluded that his analysis failed to uncover any statistically significant relationship between either proximity to or visibility of the wind farm and the sale price of homes. While I would allow that the quality of housing stock in the vicinity of the town of Fenner in Madison County, New York may be somewhat lower than what we typically find in the Kittitas Valley, the pattern of land use is very similar and the concerns of residents would be no different than in the Kittitas Valley. What is fortunate

about Madison County is that the relative density of population, even for a rural area (located about 30 miles south of Syracuse, New York), means that there were sufficient numbers of transactions to track an impact of wind turbine views. Further, the project, having opened in 2001, has had plenty of time to impact property values in the vicinity if that was going to occur.

Mr. Hoen notes, as I had acknowledged in my earlier testimony, that the hedonic pricing model can rigorously predict changes in residential transaction values based on home characteristics.

I also reviewed Mr. F. Steven Lathrop's pre-filed testimony along with that of Roger Weaver, a local realtor in Ellensburg.

Mr. Weaver's testimony does not cite any transactional evidence supporting claims of diminution in value. It merely cites preference and underscores his opinion that property values in Kittitas Valley are higher than any of the areas studied. Indirectly he implies that sale activity is continuing, notwithstanding the announced plan to have up to 65 wind turbines at the Kittitas Valley project site.

In fact, wind turbines have been placed near high valued homes, similar to the Kittitas Valley, including over 3,000 at Palm Springs.

Steven Lathrop describes himself as a lifelong county resident and both a landowner and developer. He mentions being actively involved with building 160 residential lots in the Ellensburg vicinity. He also notes that his million-plus dollar home on Robinson Canyon Road is situated on 40 acres comprised of two 20 acre tax parcels.

He describes the view from his home and acknowledges that he can see US 97, a local freeway, as well as I-90, and that the immediate area around his home is characterized by a compatible mix of intensive agriculture and rural single family residences. He says that "view, isolation and insulation from future development are why I bought this land." Having inspected his property and familiarized myself with the view, it can hardly be described as "pristine" or untouched by the hand of man. In fact, I observed that the adjacent properties were strewn with white irrigation pipe and that hay bales were stacked two stories high with bright blue tarps covering them. Whiskey Dick and the Highway 97 vicinity, the two locations where wind turbines are either being constructed or are planned, are viewed in the distance beyond Highway 97 which would lie in the foreground. This view would also include freeway lights at the interchange and several large commercial standards only a few miles away.

He described at length the "west side" of the valley southwest of the Yakima River where his property is situated. He acknowledges that a good deal of development has occurred over the years since he has been a home owner there. He further acknowledges that the valley has transitioned to a service and government driven economy for at least the last 10 to 15 years. He states that "the value of the land long ago outstripped its ability to produce any reasonable return from agriculture and the future of agriculture here is only

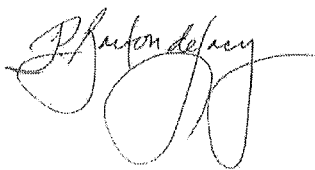
as good as the determined patience of those farmers wanting to continue.” He cites property values of land parcels of 10 to 20 acres at costs of up to \$20,000 per acre, a price which will exceed their agricultural value.

Mr. Lathrop then discusses the alleged weakness of the Applicant’s case in that most emphasis is placed on residential properties within one mile of the turbines. He ignores the fact that many of the turbine sites, or home sites themselves within the valley, already have a compromised view. They lie within or in sight of the major power line transmission corridor that traverses the Kittitas Valley along with Highway 97.

While turbines can be seen from 8 to 10 miles away, their impact at that distance must be compared with other physical structures ranging from telephone poles, silos, high voltage power line towers and other manmade objects.

If the Kittitas Valley were indeed pristine, undeveloped and untouched by man, the argument might be made that erecting turbine-type structures would impact such a view. However, the Kittitas Valley is well-settled and is experiencing, by admission of those opposed to the Kittitas Valley wind project, rather rapid growth and no longer has much of an agricultural base. The irony is that as more growth and development comes to the Valley, pressuring land values upwards, it is difficult to argue that subdivisions of residential homes would be less of a blight on the landscape than remotely placed wind turbines.

There continues to be no documented evidence of declines in value. The studies cited by Mr. Lathrop are more or less surveys that are descriptive and not quantitative and while they confirm that there are adverse expectations in many cases (such as Cape Cod), they do not contain the documented transactional evidence necessary to show diminution in value. There is no support for Lathrop’s purely speculative contention that his expensive home (7 miles from the KV Project and 20 miles from the Wild Horse Project) is somehow uniquely susceptible to property value impacts associated with these distant wind energy facilities. The Hoen study however, in an area not unlike Kittitas Valley, gathered the necessary data to measure diminution if it existed and found none. In fact, my own inspection of Madison County indicated it was not unlike Kittitas Valley and that there were a number of custom homes on small 5 to 10 acre tracks very similar in context to the development around the outskirts of Ellensburg, Washington.

A handwritten signature in cursive script, appearing to read "Phyllis DeLacy". The signature is written in dark ink and is located at the bottom left of the page.